



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0008	<b>Title:</b>	Renewable resource bonds and loans
<b>Primary Sponsor:</b>	Kasten, Dave	<b>Status:</b>	As Amended

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
State Special Revenue	\$26,279,000	\$0	\$0	\$0
Other - Debt Service	\$0	\$2,400,000	\$2,400,000	\$2,400,000
<b>Revenue:</b>				
State Special Revenue	\$26,279,000	\$0	\$0	\$0
Other - Debt Service	\$0	\$2,400,000	\$2,400,000	\$2,400,000
Other	\$2,400,000	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact:

This bill authorizes the issuances of \$26,279,000 of coal tax bonds. The bond proceeds would be used to pay for the state of Montana's share of regional drinking water systems and authorized renewable resource projects. Bond proceeds also fund the required bond reserve and bond issuance costs.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Natural Resources and Conservation (DNRC)**

1. In FY 2008, \$26,279,000 of coal tax bonds are issued. Of the bond proceeds available, \$23,879,000 is available for projects, and \$2,400,000 will be used to fund the bond reserve and bond issuance costs.
2. The debt service amount is assumed to be \$2.4 million per year based beginning FY 2009 on a 20-year loan at 4.5% interest rate. Interest income from the Treasure State Endowment Regional Water Fund may

be used for debt service for regional water projects. For the Renewable Resource projects, loan repayments will be used for debt service. For the purposes of this fiscal note both sources are combined. It is unknown how much will be regional water and how much will be local government.

3. The fiscal note assumes the bonds in this bill will be issued in one year and all bonds have a 20 year repayment schedule. It is possible that bonds may be issued in multiple years, and the repayment schedule could be shorter and vary.
4. It is assumed that the loan amounts are rounded to the nearest \$1,000 dollar amounts.

	<b><u>FY 2008</u></b> <b><u>Difference</u></b>	<b><u>FY 2009</u></b> <b><u>Difference</u></b>	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$23,879,000	\$0	\$0	\$0
Transfers	\$2,400,000	\$0	\$0	\$0
Bonds Principle & Interest	\$0	\$2,400,000	\$2,400,000	\$2,400,000
<b>TOTAL Expenditures</b>	<b>\$26,279,000</b>	<b>\$2,400,000</b>	<b>\$2,400,000</b>	<b>\$2,400,000</b>
<b><u>Funding of Expenditures:</u></b>				
State Special Revenue (02)	\$26,279,000	\$0	\$0	\$0
Other - Debt Service (04)	\$0	\$2,400,000	\$2,400,000	\$2,400,000
<b>TOTAL Funding of Exp.</b>	<b>\$26,279,000</b>	<b>\$2,400,000</b>	<b>\$2,400,000</b>	<b>\$2,400,000</b>
<b><u>Revenues:</u></b>				
State Special Revenue (02)	\$26,279,000	\$0	\$0	\$0
Other - Debt Service (04)	\$0	\$2,400,000	\$2,400,000	\$2,400,000
<b>TOTAL Revenues</b>	<b>\$26,279,000</b>	<b>\$2,400,000</b>	<b>\$2,400,000</b>	<b>\$2,400,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
Other - Debt Service (04)	\$0	\$0	\$0	\$0

**Long-Range Impacts:**

1. Projects in local communities for regional water systems and other renewable resource projects will be financed with the bonding approved in HB 8.

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*